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Serbia

Agricultural Situation

Serbian Wheat Update

2008

Approved by:

Hassan F. Ahmed
U.S. Embassy, Belgrade

Prepared by:

Dragana Dimitrijevic

Report Highlights:

Revised estimates of the 2008/09 Serbian wheat crop indicate that total wheat production is higher than initially projected. Despite the decline in area planted, estimated at 463,000 HA, the average yield per hectare is estimated to be one of the highest in Serbia since 1990/91. Serbian wheat exports are projected to be at about 255,000 MT.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
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Wheat Harvest Update: Production and Trade

Revised estimates of the 2008/09 Serbian wheat crop indicate that total wheat production is higher than initially projected. Despite the decline in area planted in MY 2007/08 crop to 463,000 HA, the smallest area planted to wheat in Serbia since 1919, the average yield per hectare is estimated to be one of the highest in Serbia since 1990/91. Favorable weather conditions during the planting, growing and harvest seasons resulted in higher wheat production than initially anticipated. The average yield is estimated at 4.3 MT/HA and the overall production about 2 million MT. The average yield in the Vojvodina region (236,000 HA planted area) is estimated at 4.9 MT/HA and in Central Serbia (227,000 HA planted area) is estimated at 3.9 MT/HA. The quality of this year's yield is reported to be better than last year, with preliminary results showing grain protein content 12.5-14 percent and hectoliter mass 80-86 kg.

Wheat harvest in Serbia started this year during the week of June 23. Harvest was completed in Vojvodina by July 8 and in Central Serbia is expected to end by July 18. Analysts from the Serbian Ministry of Agriculture estimate that total wheat production of the new crop will be at similar level of the last year, which will be sufficient for domestic needs and allow for some exports as well. Post has revised PS&D data to reflect change in these estimates.

The redemption prices of the new wheat crop range between 14.8 and 16.6 din/kg (USD 294-327 MT), the highest in the Balkan/South East Europe region. Serbian millers are currently paying 14.8-15.2 din/kg of wheat. Prices of wheat flour are showing downward trends, with price for flour TIP-500 of 27 din/kg, compared to 34 din/kg (USD 678 MT) two months ago.

Despite the high yields this year, Serbian farmers are not showing any inclination towards planting higher wheat area next fall. This is due to their expectation that wheat planting would not be profitable considering low redemption price and rising costs of fertilizers and fuel. However, the Serbian Chamber of Commerce is projecting that the new government will have to provide incentive to farmers to grow more wheat, considering the strategic importance of this crop in Serbia.

In June, trading on the Novi Sad Commodity Exchange (NSCE) in June dropped 65 percent from the previous month, the lowest monthly trading value in 2008. The low trading, especially during the harvest time, was due to a delay in setting the price for this year's wheat crop. It is expected that the Serbian Commodity Reserves will purchase 40,000 MT of wheat in the next few months with total purchase expected to be 150,000-200,000 MT for the entire year. Serbian wheat exports are projected at about 255,000 MT, with shipments mostly will be going to neighboring Balkan countries and customers in North Africa.

Table 1: PSD Table Wheat

PSD Table									
Country	Serbia								
Commodity	Wheat						(1000 HA)	(1000 MT)	(MT/HA)
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008
Area Harvested	543	543	543	556	556	556	460	463	463
Beginning Stocks	441	441	441	256	256	256	225	210	225
Production	1876	1876	1876	1994	1994	1994	1650	1650	2000
MY Imports	15	15	15	100	100	100	10	10	20
TY Imports	15	15	15	100	100	100	10	10	20
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	2332	2332	2332	2350	2350	2350	1885	1870	2245
MY Exports	326	326	326	375	550	375	0	0	255
TY Exports	326	326	326	375	550	375	0	0	255
Feed Consumption	150	150	150	150	140	150	150	150	150
FSI Consumption	1600	1600	1600	1600	1450	1600	1600	1490	1600
Total Consumption	1750	1750	1750	1750	1590	1750	1750	1640	1750
Ending Stocks	256	256	256	225	210	225	135	230	240
Total Distribution	2332	2332	2332	2350	2350	2350	1885	1870	2245
Yield	3.45488	3.45488	3.45488	3.586331	3.586331	3.586331	3.586957	3.563715	4.319654